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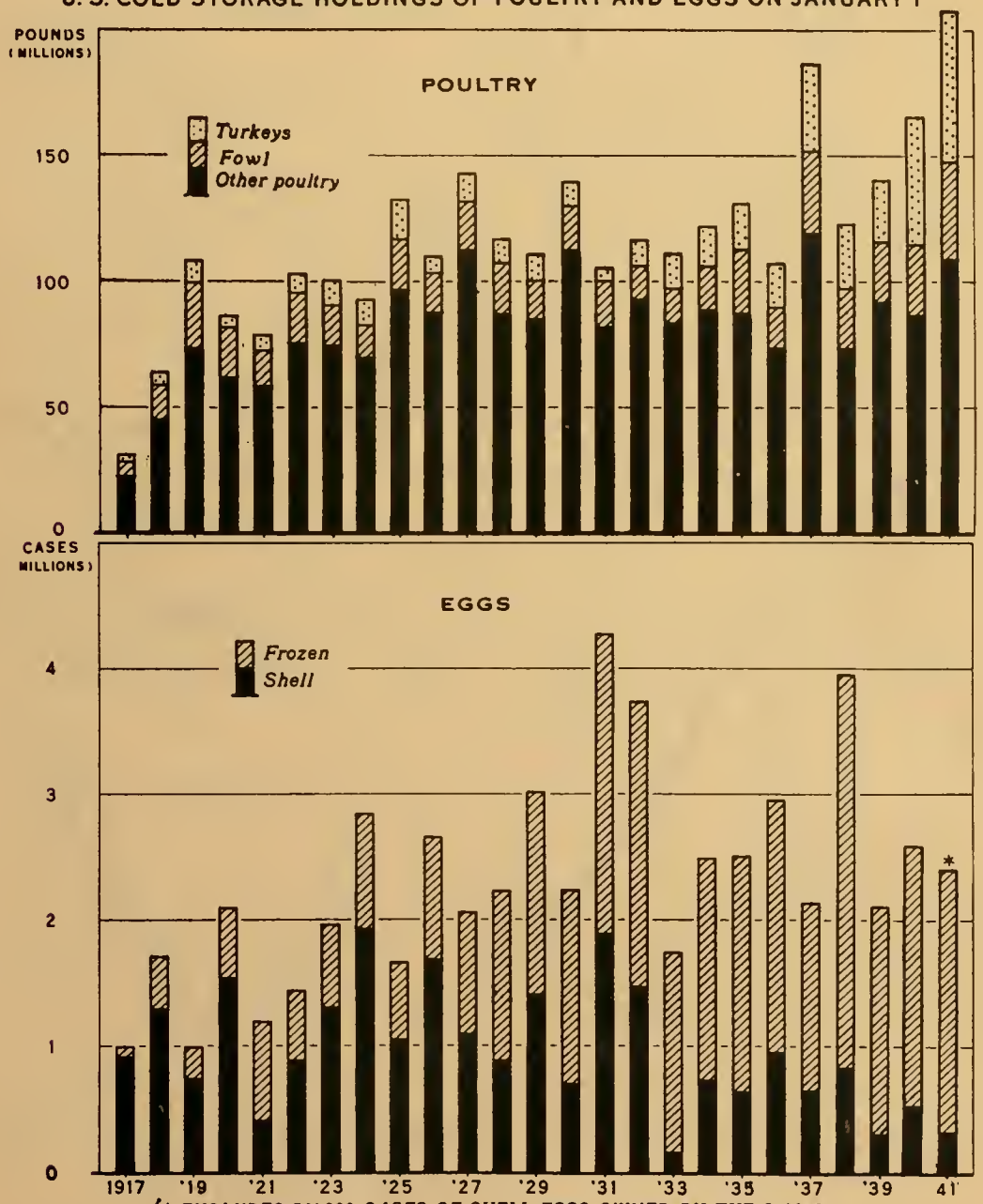
THE Poultry and Egg SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

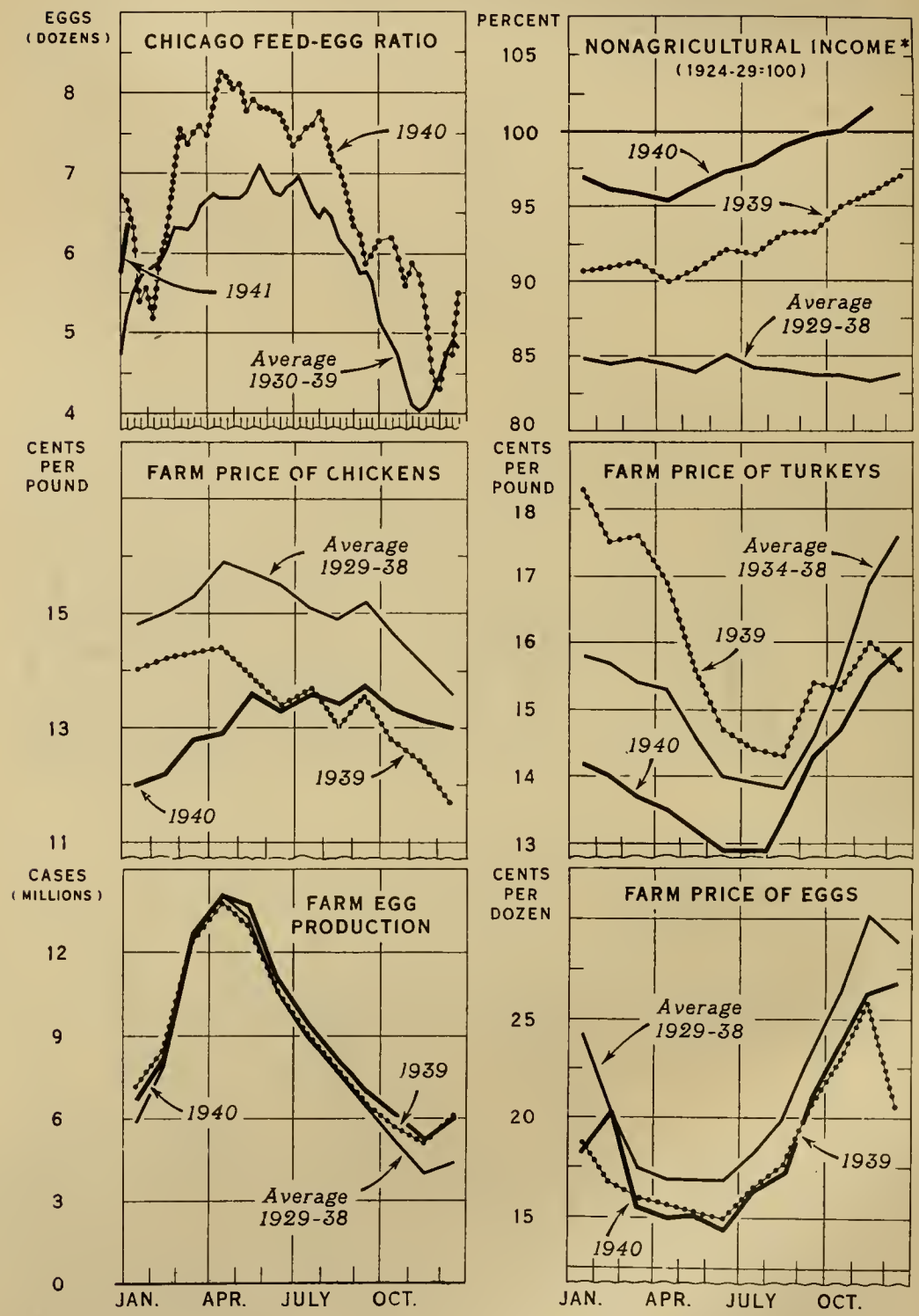
PES-49 BAE JANUARY 1941

U. S. COLD STORAGE HOLDINGS OF POULTRY AND EGGS ON JANUARY 1



* EXCLUDES 301,000 CASES OF SHELL EGGS OWNED BY THE S. M. A.

THE POULTRY AND EGG SITUATION AT A GLANCE



A. M. S. DATA, EXCEPT NONAGRICULTURAL INCOME

*INDEX NUMBERS, ADJUSTED FOR SEASONAL VARIATION

U. S. DEPARTMENT OF AGRICULTURE

NEG. 38875

BUREAU OF AGRICULTURAL ECONOMICS

FIGURE 1

THE POULTRY AND EGG SITUATION

Summary

Farm marketings of poultry are expected to be moderately smaller than a year earlier during the next several months, but receipts at principal markets may be little different from those in early 1940 since there again will be heavy intermarket movements of storage poultry. Storage stocks of poultry now are the largest on record. Despite the smaller hatch in 1940 than in 1939, receipts of dressed poultry at principal markets in the last half of the year were larger than a year earlier. A major part of these larger receipts in the last half of 1940 appear to have been the result of heavy marketings of fowl and turkeys and substantial intermarket movements of storage poultry, especially in the late summer and early fall months.

The average price received by farmers for chickens in mid-December was about 1-1/4 cents higher than a year earlier and only about 1/2 cent below the 10-year (1929-38) average price for that date. Wholesale prices for chickens have advanced somewhat in recent weeks, and chicken prices in general are expected to average higher than a year earlier during the next several months because of the smaller supplies and stronger consumer demand. For the first time in nearly 2 years turkey prices are higher than a year earlier and may continue higher than a year earlier throughout 1941.

Although the average rate of lay per hen on January 1 was slightly higher than a year earlier, total production was a little smaller because of the fewer layers on farms. This smaller production, compared to a year earlier, was reflected in lighter receipts at principal markets and in a larger out-of-storage movement for shell eggs than in early 1940. More recently,

however, receipts of eggs have been larger than a year earlier, and the out-of-storage movement has been smaller. This is probably due to the fact that the weather in recent weeks has been mild in contrast to the unusually cold weather around mid-January last year.

-- January 21, 1941

FEED-EGG RATIO

Egg prices at Chicago have declined considerably since early December and feed prices have advanced a little at that market during recent weeks. Consequently, the number of eggs required to buy 100 pounds of poultry ration, based on Chicago prices, increased more than usual for this time of year. In early January the ratio was considerably above the 10-year average and little different from a year earlier. Although the feed-egg ratio may be considerably less favorable than a year earlier during the next few weeks, it is expected to average more favorable during the months of heaviest production this year than last. As a result, more chickens may be raised in 1941 than were raised in 1940.

Feed-egg ratio at Chicago

(Dozens of eggs required to buy 100 pounds of poultry ration)

Year	Week ending as of 1941											
	Jan.				Feb.		Mar.	June	Sept.	Nov.	Dec.	
	4	11	18	25	1	8	29	28	27	29	20	27
	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.
Average 1930-39	4.76	5.25	5.54	5.70	5.79	5.84	6.60	6.86	5.65	4.23	4.93	4.83
1939	5.02	6.12	6.13	6.65	6.52	6.07	6.35	6.71	6.39	5.68	6.62	6.62
1940	6.72	6.66	6.32	5.38	5.56	5.18	7.59	7.57	6.02	4.53	4.75	5.52
1941	5.74	6.37										

EGG SITUATION

Egg production

The effects on the number of layers on farms of the smaller number of chickens raised in 1940 have become more apparent. The number of layers on farms in December was 1 percent smaller than a year earlier and about 1 percent smaller than the 10-year (1929-38) average number for December. The number of layers on farms on January 1, as indicated by the average number of layers per flock on that date, was about 2 percent smaller than the number on January 1, 1940 but a little larger than the number for January 1, 1938. Because egg prices are expected to average higher than a year earlier during the next several months and feed costs are expected to be about the same as in the corresponding period last year, the decline in the number of layers from now until August is expected to be less than in 1940.

The average rate of lay per hen during December about equaled the record high rate of December 1939, and with slightly fewer layers on farms than a year earlier total farm production of eggs for the month was about 2 percent smaller than in December 1939. Total farm production of eggs in 1940 of about 108 million cases was 2 percent larger than the 1939 production; with the exception of the 108.5 million cases produced in 1930, production in 1940 was the largest on record. The output of eggs in 1940, however, was produced with about 9 percent fewer layers than were on farms in 1930.

Because of the slightly fewer layers on farms this year than last, egg production through at least the first half of 1941 is expected to be a little smaller than during the corresponding period of 1940.

Number of layers on farms, United States

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.
Average 1929-38	335	328	318	304	287	270	256	250	259	280	303	325
1938	307	301	292	278	262	248	236	234	245	269	293	314
1939	322	316	306	292	276	260	246	242	253	279	305	326
1940	332	327	318	304	289	270	252	247	257	279	303	322

Average number of eggs produced per layer, United States

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.
Average 1929-38	6.3	8.6	14.2	16.6	16.7	14.2	12.7	11.1	8.9	6.7	4.8	5.0
1938	7.9	9.9	15.4	17.5	17.3	14.9	13.6	11.8	9.4	7.5	5.9	6.4
1939	8.0	9.7	14.9	17.0	17.0	14.6	13.2	11.7	9.3	7.4	6.0	6.8
1940	7.2	9.0	14.4	16.5	17.0	14.8	13.4	11.8	9.7	7.9	6.2	6.8

Total farm production of eggs, United States

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Mil. cases	Mil. cases	Mil. cases	Mil. cases	Mil. cases	Mil. cases	Mil. cases	Mil. cases	Mil. cases	Mil. cases	Mil. cases	Mil. cases
Average 1929-38	5.9	7.9	12.5	14.1	13.3	10.6	9.0	7.7	6.4	5.2	4.0	4.0
1938	6.7	8.3	12.5	13.5	12.6	10.3	8.9	7.6	6.4	5.6	4.8	5.5
1939	7.2	8.5	12.6	13.8	13.0	10.6	9.1	7.8	6.5	5.7	5.1	6.1
1940	6.7	8.2	12.7	14.0	13.7	11.1	9.4	8.1	7.0	6.2	5.2	6.0

Egg storage

The smaller production of eggs in the closing weeks of 1940 compared with a year earlier, together with the stronger demand late last year, resulted in a heavier out-of-storage movement for privately owned shell eggs than in December 1939. Storage stocks of privately owned shell eggs on January 1 were 42 percent smaller than on January 1, 1940. Storage stocks of frozen eggs on January 1 were slightly larger than on January 1, 1940 but the out-of-storage movement since that date has continued larger than a year earlier. The Surplus Marketing Administration owned 300,668 cases of shell eggs on January 1, or about half of the shell eggs in storage in the United States at that time. Storage stocks of both shell and frozen eggs now are nearing the seasonal low for the year, since in February or early March a net into-storage movement for eggs usually begins. Farm egg prices during the into-storage season in 1940 were lower than a year earlier and since last August, the major out-of-storage season, such prices have been higher than a year earlier. The storage season now drawing to a close appears to have been more favorable for storage operators than the 1939-40 season. This should result in a stronger storage demand this spring than prevailed during the into-storage season in the spring and early summer of 1940.

Eggs: Storage stocks in the United States and storage movement at 26 markets

Year	United States stocks		Out-of-storage movement, week ending as of 1941					
	Dec. 1 1/	Jan. 1	Dec. 1/ 28	January 4	January 11	January 18	January 25	Feb. 1
	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases
Shell								
average 1930-39	2,506	836	228	213	131	92	66	53
1939	1,439	302	146	83	27	37	21	23
1940	1,580	532	167	86	95	81	94	45
1941	2/ 1,424	2/3/ 317	191	133	97			
Frozen								
average 1930-39	2,271	1,975	---	---	---	---	---	---
1939	2,231	1,797	49	51	51	44	20	45
1940	2,509	2,065	66	45	57	54	75	70
1941	2,608	3/ 2,079	67	62	77			

1/ For preceding year.
2/ Excludes Surplus Marketing Administration holdings as follows: December 1940, 545,000 cases; January 1941, 301,000 cases.
3/ Preliminary.

Egg prices

The average price received by farmers for eggs increased contra-seasonally from mid-November to mid-December and in the latter month was more

than 6 cents higher than the record low price in December 1939. But the December price still was about 2 cents below the 1929-38 average price for December. Wholesale egg prices have declined considerably in recent weeks apparently because of the greater than usual increase in market receipts. However, because of the stronger consumer demand and the smaller supplies of eggs in prospect for most of this year, compared to 1940, prices received by farmers for eggs are expected to average higher this year than last.

With the exception of 1932, this is the first time since 1929 that the average price received by farmers for eggs has increased between mid-November and mid-December. For several years preceding 1929 egg prices reached a seasonal high in December rather than in November. The increased rate of egg production in the winter months is responsible for the apparent change in the seasonal pattern of egg prices since 1929. The annual variation in egg prices from seasonal low to seasonal high also has become considerably less pronounced since 1929.

The higher price in December than in November in 1940 was a result of the combined effects of the expanding consumer incomes and some decline in production around December 1, as indicated by the rate of production on December 1 and market receipts at that time.

Price per dozen received by farmers for eggs, United States

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Average 1929-38	24.2	20.3	17.3	16.8	16.8	16.8	18.1	19.9	23.2	26.2	30.1	28.8
1938	21.6	16.4	16.2	15.9	17.6	18.2	19.9	21.0	24.9	27.1	29.0	27.9
1939	18.8	16.7	16.0	15.5	15.2	14.9	16.5	17.5	20.6	22.9	25.8	20.5
1940	18.3	20.2	15.4	15.0	15.1	14.4	16.4	17.2	21.0	23.7	26.2	26.8

POULTRY SITUATION

Poultry marketings

Farm marketings of poultry are expected to be considerably smaller than a year earlier during the next several months since the number of all poultry now on farms is smaller than a year ago and the prospective higher egg prices this year than last may cause farmers to cull less closely this spring than they did in the spring of 1940. Receipts at principal markets, however, may be little different from those in early 1940 since there again will be heavy inter-market movements of storage poultry.

Receipts of dressed poultry at the principal markets during the first half of 1940 were 19 percent larger than a year earlier and in the last half of the year were 12 percent larger than in the last half of 1939. The large inventory of live poultry on farms and the large storage stocks at the beginning of 1940 largely explain the larger receipts during the first half of

that year. Large storage stocks result in a heavy inter-market movement of frozen poultry and therefore increased receipts at principal markets.

Reasons for the larger receipts during the last half of the year, however, are not so apparent. Larger receipts in the last half of the year have followed a decline from a year earlier in the size of hatch in only 2 other years on record, namely 1928 and 1931, and neither of these increases was as large as the increase in the last half of 1940. It appears that the larger receipts in the last half of 1940 were largely due to the heavy marketings of fowl and turkeys and a substantial inter-market movement of storage poultry. The into-storage movement of dressed fowl for the last half of 1940 is the heaviest on record, with the exception of the unusually heavy movement which followed the drought in 1936. Receipts of turkeys may have been larger in the important marketing months of 1940 than in 1939 since last year's turkey crop was only a little smaller than the 1939 crop and in the early fall farmers indicated they intended to market a larger proportion of their turkeys before January 1 than they did in 1939. The movement of storage turkeys from the west coast and from other storing centers to eastern markets also may have helped to increase receipts during the late summer and early fall.

Receipts of dressed poultry at four markets

(New York, Chicago, Philadelphia, Boston)

Year	Week ending as of 1941									
	Jan.				Feb.	Mar.	Nov.		Dec.	
	4	11	18	25	1	28	22	29	20	27
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Average: 1930-39	5,740	5,321	5,610	6,009	5,764	5,608	25,187	13,766	25,458	9,947
1939	4,159	4,418	5,380	6,020	4,657	3,868	23,999	12,471	32,380	9,187
1940	5,973	6,037	7,678	8,628	6,111	4,395	25,818	16,500	36,909	10,766
1941	5,588	4,291								

Poultry storage

The net into-storage movement for poultry during December exceeded that for any month on record. The apparently strong storage demand caused poultry prices to be maintained despite the fact that receipts of dressed poultry during the month also were the largest for any month on record.

The large proportion of holdings that are made up of fowl and turkeys continues to dominate the poultry storage situation. Stocks of fowl on January 1 were 40 percent larger than a year earlier and stocks of turkeys were 15 percent larger than those on January 1, 1940. Storage stocks of all poultry in the United States on January 1 this year were 24 percent larger than those of a year earlier.

The smaller supplies of freshly dressed poultry in prospect for the next several months and the stronger consumer demand will be favorable

factors in bringing about a substantial out-of-storage movement during coming months.

Poultry: Storage stocks in the United States, and storage movement at 26 markets

Year	United States stocks		Storage movement, week ending as of 1941					
			Dec. 1/	January				Feb.
	Dec. 1 1/	Jan. 1	28	4	11	18	25	1
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Average 1930-39	103,899	128,737	+2,749	+3,286	- 538	-1,305	-1,264	-1,462
1939	118,088	139,108	+2,044	+2,369	- 574	-2,002	-1,521	- 997
1940	127,649	167,643	+5,917	+3,490	- 428	- 206	+ 256	- 578
1941	159,110	2/208,234	+8,955	+5,229	-2,086			

1/ For preceding year.
2/ Preliminary.

Chicken prices

The average price received by farmers for chickens declined less than seasonally from mid-November to mid-December and in the latter month was about 1-1/4 cents higher than a year earlier and only about one-half cent below the 10-year (1929-38) average price for that month. In view of the unusually heavy receipts during the closing months of 1940 it appears that the effects on chicken prices of the stronger consumer demand have been fairly substantial. This factor, together with the apparently strong storage demand, has been largely responsible for the improvement in chicken prices relative to those of a year earlier.

Chicken prices are expected to continue higher than a year earlier during most of this year because of the larger consumer incomes, smaller supplies of pork, and prospective smaller supplies of chicken meat at least in the first half of the year.

Price per pound received by farmers for chickens, United States

Year	Jan. 15	Feb. 15	Mar. 15	Apr. 15	May 15	June 15	July 15	Aug. 15	Sept. 15	Oct. 15	Nov. 15	Dec. 15
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Average 1929-38	14.8	15.0	15.3	15.9	15.7	15.5	15.1	14.9	15.2	14.6	14.1	13.6
1938	16.7	16.0	15.9	16.2	16.1	15.7	15.0	14.2	14.3	13.6	13.6	13.6
1939	14.0	14.2	14.3	14.4	13.9	13.4	13.7	13.0	13.6	12.7	12.4	11.7
1940	12.0	12.2	12.8	12.9	13.6	13.3	13.6	13.4	13.7	13.3	13.1	13.0

WINTER BROILERS

The larger number of chicks produced by commercial hatcheries in December compared to a year earlier indicates that the heavy production of winter broilers and fryers is continuing. The output of chicks by commercial hatcheries in December was 20 percent larger than a year earlier for the country as a whole but increases were more pronounced in the commercial broiler-producing areas. Chicken prices have been favorable for this expansion and the feed-chicken price ratio now is considerably more favorable than a year ago.

TURKEYS

The average price received by farmers for turkeys again increased from mid-November to mid-December and in the latter month was slightly higher than a year earlier for the first time in nearly 2 years. The December price, however, was about 1-1/2 cents below the 1934-38 average for that month. Wholesale prices for turkeys did not decline as much after the heavy movement for the Christmas market as they did in the corresponding period of 1939, and wholesale prices for live turkeys in early January were 3 or 4 cents higher than a year earlier. Wholesale prices also were higher than those immediately after the Thanksgiving market, whereas in 1939 the reverse was true. These improved turkey prices probably resulted largely from the stronger consumer demand this year than last.

Although present storage stocks of turkeys are the largest on record, the total supply of turkey meat in the United States may be no larger than at this time last year, since the number of turkeys still on farms probably is smaller than a year ago. The excess of this year's prices received by farmers for turkeys over those of a year earlier is expected to widen during coming months because of the larger consumer incomes in prospect, smaller supplies of chicken, and the smaller supplies of pork which will result from the decline in hog marketings.

Price per pound received by farmers for live turkeys, United States

Year	Jan. 15	Feb. 15	Mar. 15	Apr. 15	May 15	June 15	July 15	Aug. 15	Sept. 15	Oct. 15	Nov. 15	Dec. 15
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Average 1934-38	15.8	15.7	15.4	15.3	14.6	14.0	13.9	13.8	14.6	15.5	16.9	17.6
1938	17.5	17.7	17.2	17.0	16.4	15.3	15.7	15.0	16.0	16.5	17.1	18.4
1939	18.3	17.5	17.6	16.9	15.5	14.7	14.4	14.3	15.4	15.3	16.0	15.6
1940	14.2	14.0	13.7	13.5	13.2	13.3	12.9	13.4	14.3	14.7	15.5	15.9

DOMESTIC DEMAND

Industrial activity has increased considerably since last August and the index reached new peaks for each month in the final quarter of 1940. However, this sharp rise has brought many important industries to near

capacity operation so that attainment of full seasonal gains during the next few months will be difficult, and some decline of seasonally corrected measures of industrial activity may even result. But the actual rate of operations in steel, in the machine-tools industry, and in other important heavy goods industries producing for defense probably will expand farther as capacity enlargement permits.

Nonagricultural employment (excluding military) now is the highest since 1929 and further gains are in prospect. National income payments for 1941 as a whole are expected to be about as large as in 1929, which in terms of real purchasing power perhaps would be 10 to 15 percent higher. Thus the domestic demand for farm products should be improved materially.

Index numbers of nonagricultural income

(1924-29 = 100, adjusted for seasonal variation)

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Average: 1929-38	84.9	84.6	84.9	84.5	84.0	85.1	84.3	84.1	83.7	83.7	83.4	83.8
1938	88.0	87.6	87.4	86.5	85.9	85.6	85.7	87.5	88.0	88.5	89.5	90.6
1939	90.6	90.9	91.3	90.0	90.8	92.1	91.8	93.3	93.3	95.0	95.9	97.1
1940	96.9	96.2	95.9	95.3	96.4	97.4	97.8	99.1	99.9	100.3	1/ 101.5	

1/ Preliminary.

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